

## COBRA Notification Procedures

The COBRA law includes employer penalties for failing to comply with COBRA. Penalties can include being ordered to pay the medical expenses, without collecting back premiums and tax penalties of up to 10% of the amount paid for the medical/dental plan in a year. Legal actions usually favor the former employees if the employer is unable to provide evidence that notification of COBRA rights had been sent.

To assure the state is in compliance with COBRA law, certain documents must be maintained by each agency payroll or personnel administrator. These documents include:

- (a) All the materials included in the COBRA Enrollment Packet;
- (b) COBRA Tracking Log for monitoring the mailing of notices to employees and their covered dependents (copy included herein).

### Initial Notification of COBRA Rights

As part of our compliance with the U.S. Department of Labor regulations on COBRA issued in 2003, there are notification requirements for employees and qualified beneficiaries when they **first** enroll in medical, dental or FSA benefits. This can be when they enroll as new hires, or during other times in their careers with the State (e.g. open enrollment). Please use the following procedures:

"Initial Notification of COBRA Rights" letter **must** be mailed to all Qualified Beneficiaries by individual name on the envelope to their known address. This letter can be found on this site. Document the name(s), address(es), and date(s) this COBRA notification is sent to all Qualified Beneficiaries.

### COBRA Enrollment Rights Notification

When an employee has a Qualifying Event (as specified in the "COBRA Guide") the agency payroll or personnel administrator has 14 days to comply with the following procedures.

- (a) Notify the employee, his/her covered spouse and covered dependents of their COBRA rights. A COBRA Enrollment Packet must be mailed. Be sure to include the "Enrollment Notice Letter," new for 2004 (found on this site).
- (b) Using the COBRA Tracking Log, document that the notification has been sent to the employee.
  - (1) **No notifications will be hand-delivered to the employees.**
  - (2) All notifications **must** be mailed to all Qualified Beneficiaries by individual name on the envelope to their last known address. Document the name(s), address(es), and date(s) COBRA notifications are sent to all Qualified Beneficiaries.
  - (3) The Employee Benefits Unit prefers that you use certified mail as it facilitates tracking, especially for those employees who move, but first class mail is deemed sufficient for sending notifications to Qualified Beneficiaries.
  - (4) Documentation can also be a note placed in the employee's personnel file which specifies the name(s), address(es), and date(s) the COBRA notification was sent.

All documentation — *COBRA Tracking Logs, Certified Mail Receipts, envelopes of returned mail, and notations in personnel files* — must be maintained on file by the agency payroll/personnel administrator for a period of not less than six (6) years.